Message Text

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INFO OCT-01 EUR-12 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00 FMC-01 INR-07 NSAE-00 CG-00 DLOS-09 OES-07 PM-04 NSC-05 SP-02 SS-15 INRE-00 NSCE-00 SSO-00 L-03 JUSE-00 /073 R

DRAFTED BY EB/TCA/MA:CTAYLOR,JR.:BST APPROVED BY EB/TCA/MA:RKBANK EUR/NE:NACHILLES(INFO)

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O 142130Z JUN 77 FM SECSTATE WASHDC TO AMEMBASSY LONDON IMMEDIATE

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FOR DEPUTY ASST. SECRETARY BILLER

E.O. 11652: N/A

TAGS: EWWT, UK, US

SUBJECT: TOPICS FOR DISCUSSION WITH SHIPPING POLICY DIVISION HEAD LANCHIN

REF: BILLER/BANK TELCON, JUNE 14

- 1. FOR POSSIBLE USE IN YOUR JUNE 15 MEETING WITH JERRY LANCHIN, FOLLOWING ARE MAJOR US-UK SHIPPING ISSUES AND POINTS YOU MAY WISH TO MAKE ON SOME OF THEM.
- 2. OIL CARGO PREFERENCE LEGISLATION: BRITISH EMBASSY HERE IS AWARE -- AND HAS DOUBTLESS INFORMED LANCHIN -- THAT PRESIDENT WILL SOON RECEIVE OPTIONS PAPER FROM ECONOMIC POLICY GROUP OUTLINING ALTERNATIVE MEASURES TO ASSIST LIMITED OFFICIAL USE

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MERCHANT MARINE, INCLUDING CARGO PREFERENCE. BRITISH AMBASSADOR HAS ALSO WRITTEN TO NSC CHAIRMAN BRZEZINSKI TO EXPRESS HMG CONCERN. OTHERWISE THERE HAVE BEEN NO NEW DEVELOPMENTS REGARDING CARGO PREFERENCE.

3. GRAND JURY INVESTIGATION: DEPARTMENT OF JUSTICE HAS NOT EMPANELED NEW GRAND JURY TO HEAR EVIDENCE YET, AND

THERE HAVE BEEN NO NEW DEVELOPMENTS. FYI: IT APPEARS THAT AT LEAST TWO OF SIX COUNTRIES INVOLVED, SWEDEN AND FRG, MAY NO LONGER BE IN FULL AGREEMENT WITH FIRM UK POSITION ON THIS ISSUE AND MAY BE COUNSELING MORE CONCILIATORY APPROACH ON PART OF BOTH COMPANIES AND GOVERNMENTS. FND FYI

4. COAST GUARD RULEMAKING/POLLUTION INITIATIVE:

RATIONALE FOR MAY 16 SET OF NOTICES OF PROPOSED RULE-MAKINGS (NPRMS) ON TANKER CONSTRUCTION AND EQUIPMENT STAN-DARDS WAS EXPLAINED IN DETAIL IN STATE 109037, AND LANCHIN HAS UNDOUBTEDLY BEEN BRIEFED. THAT TELEGRAM EMPHASIZED THAT PURPOSE OF NPRMS WAS TO SOLICIT INFORMED COMMENT AND THAT THEY DID NOT IRREVOCABLY COMMIT USG TO SPECIFIC COURSES OF ACTION. IN SPEECH TO IMCO COUNCIL, DOT SECRETARY ADAMS REPEATED THESE POINTS AND ASSURED AUDIENCE THAT ANY EVENTUAL RULEMAKINGS WOULD REFLECT OUTCOME OF SUCCESSFUL INTERNATIONAL EFFORTS TO REACH AGREEMENT ON NEW STANDARDS. IF LANCHIN RAISES ISSUE, YOU MAY WISH TO REITERATE THESE POINTS. YOU MAY ALSO WISH EXPRESS GRATITUDE FOR UK SUPPORT AND ASSISTANCE IN OUR EFFORTS TO OBTAIN EXPEDITIOUS CONSIDERATION OF TANKER POLLUTION PROBLEM IN IMCO. IN PARTICULAR, YOU MIGHT EXPRESS APPRECIATION FOR UNDERSECRETARY CLINTON-DAVIS' GRACIOUS AND SUPPORTIVE RESPONSE TO SECRETARY ADAMS' STATEMENT TO IMCO COUNCIL. FYI. CLINTON-DAVIS EXPRESSED SYMPATHY WITH U.S. SITUATION, URGED OTHER DELEGATIONS TO SUPPORT U.S.-PROPOSED TIMETABLE OF IMCO MEETINGS, AND LIMITED OFFICIAL USE

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PRAISED U.S. FLEXIBILITY, WHILE MUTING WARNINGS ABOUT UNILATERAL ACTION. END FYI.

5. UNCTAD CODE OF CONDUCT: BANK HAS RECENTLY MET SEPARATELY WITH SHIPPING OFFICER OF BRITISH EMBASSY AND WITH EMBASSY REPRESENTATIVES OF THE OTHER FIVE COUNTRIES WHO VOTED AGAINST CODE TO DISCUSS HOW TO PROCEED IN LIGHT OF UK COMPROMISE PROPOSALS TO EC. WE PROPOSED THAT A MEETING OF REPRESENTATIVES OF THOSE COUNTRIES WHO VOTED AGAINST CODE BE HELD CONCURRENT WITH SEPTEMBER OECD MARITIME TRANSPORT COMMITTEE MEETING. INITIAL BRITISH REACTION WAS COOL (IN VIEW OF THEIR CURRENT DISCUSSIONS WITH EC), WHILE OTHER FIVE SUPPORTED IDEA SUCH A MEETING. IF LANCHIN RAISES SUBJECT OF CODE, YOU MAY WISH TO MENTION TO HIM THAT WE BELIEVE AUTUMN MEETING OF SEVEN CODE OPPONENTS WOULD BE OPPORTUNE, IN ORDER TO SEE HOW MUCH COMMON STILL EXISTS AMONG SEVEN AND WHAT DEGREE OF POLICY

COORDINATION REMAINS POSSIBLE.

- 6. THIRD FLAG LEGISLATION: THERE HAVE BEEN NO NEW DEVELOP-MENTS. DEPARTMENT WILL WATCH LEGISLATION AS IT DEVELOPS TO ENSURE THAT ITS EFFECT IS EFFECTIVELY LIMITED TO STATE TRADING COUNTRIES AND DOES NOT ADVERSELY AFFECT UK OR OTHER MAJOR FREE-MARKET SHIPPING NATIONS.
- 7. JONES ACT/OFFSHORE SUPPLY VESSELS: WE ARE STILL EXPLORING THIS QUESTION WITH CUSTOMS AND WILL BE IN TOUCH WITH BRITISH EMBASSY WHEN WE HAVE MORE INFORMATION.
- 8. YOU MIGHT ALSO MENTION TO LANCHIN THAT BANK HAS DISCUSSED WITH CRUICKSHANK AND IS AWAITING REPLY ON THE POSSIBILITY OF VISITING LONDON IN MID-JULY FOR WORKING LEVEL TALKS WITH UK GOVERNMENT AND PRIVATE SHIPPING OFFICIALS. IN VIEW OF NUMBER OF ISSUES OF PARTICULAR INTEREST TO US AND UK (PRIMARILY THOSE LISTED ABOVE), BELIEVE BILATERAL WORKING LEVEL DISCUSSIONS WELL IN ADVANCE LIMITED OFFICIAL USE

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OF SEPTEMBER MTC MEETING OR NOVEMBER IMCO ASSEMBLY MEETING WOULD BE EXTREMELY USEFUL. BANK WOULD WANT TO TALK WITH ARTHUR PRYOR (FORMER BRITISH ATTACHE IN WASHINGTON AND CLOSE FRIEND OF BANK'S) WHO HAS JUST TAKEN TERRY BANNARD'S JOB AS NUMBER 2 TO LANCHIN IN SHIPPING POLICY DIVISION. TALKS WOULD ALSO INCLUDE M. NEVILLE-ROLFE, J.M. GRAHAM, AND J. HALL.

9. UK-USSR TALKS NOW IN PROGRESS: THE UNEXPECTED APPEAR-ANCE OF TIMOFEY GUZHENKO, SOVIET MINISTER OF MERCHANT FLEET IN LONDON DURING WHAT WAS ORIGINALLY THOUGHT TO BE WORKING LEVEL MARITIME TALKS HAS RAISED SPECULATION OF POSSIBLE SOVIET HARD LINE OR WESTERN BREAK-THROUGH IN EAST-WEST SHIPPING QUESTION. AS BANK SUGGESTED TO CRUICKSHANK, WE WOULD APPRECIATE BEING BRIEFED ON OUTCOME OF TALKS RELEVANT TO OVERALL EAST-WEST SHIPPING RELATIONS. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X

Capture Date: 01-Jan-1994 12:00:00 am Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: INSTRUCTIONS, MARINE TRANSPORTATION, MEETINGS, DIPLOMATIC DISCUSSIONS

Control Number: n/a

Copy: SINGLE Sent Date: 14-Jun-1977 12:00:00 am Decaption Date: 01-Jan-1960 12:00:00 am Decaption Note:

Disposition Action: RELEASED Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW

Disposition Date: 22 May 2009 Disposition Event:

Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE137901
Document Source: Corp.

Document Unique ID: 00 Drafter: CTAYLOR, JR.: BST Enclosure: n/a

Executive Order: N/A Errors: N/A **Expiration:**

Film Number: D770212-0793 Format: TEL

From: STATE Handling Restrictions: n/a

Image Path:

ISecure: 1

Legacy Key: link1977/newtext/t19770657/aaaabyif.tel

Line Count: 156 Litigation Code IDs: Litigation Codes:

Litigation History: Locator: TEXT ON-LINE, ON MICROFILM

Message ID: 04b4417d-c288-dd11-92da-001cc4696bcc Office: ORIGIN EB

Original Classification: LIMITED OFFICIAL USE Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 3
Previous Channel Indicators: n/a

Previous Classification: LIMITED OFFICIAL USE Previous Handling Restrictions: n/a

Reference: n/a Retention: 0

Review Action: RELEASED, APPROVED Review Content Flags: Review Date: 14-Mar-2005 12:00:00 am

Review Event:

Review Exemptions: n/a **Review Media Identifier:** Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

SAS ID: 2153321 Secure: OPEN Status: NATIVE

Subject: TOPICS FOR DISCUSSION WITH SHIPPING POLICY DIVI- SION HEAD LANCHIN

TAGS: EWWT, UK, US

To: LONDON Type: TE

vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/04b4417d-c288-dd11-92da-001cc4696bcc

Review Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009